

# **Statement of U.S. Representative Edward J. Markey (D-MA)**

## **Ranking Democrat, House Subcommittee on Telecommunications, Trade, and Consumer Protection Introduction of the Cable Consumer Protection Act of 1998**

**February 25, 1998**

Mr. Speaker, I rise to introduce the Cable Consumer Protection Act of 1998.

I am pleased to be offering this legislation today with my good friend, the gentleman from Connecticut, Mr. Shays. The purpose of our legislative proposal is quite straightforward. We believe that Congress must act to continue consumer price controls past March 31, 1999, when they are scheduled to end pursuant to the Telecommunications Act of 1996.

The Telecommunications Act mandates that after March 31, 1999, consumer price controls for cable programming services end, a policy premised on the assumption that subsequent to enactment of the Act the telephone industry would mount a large scale assault of cable markets across the country. It is clear that competition to the cable industry has not materialized in any significant way after passage of the Telecommunications Act and that except for a few exceptions in limited areas of the country, the phone industry has largely pulled back from entering the cable business. Moreover, the cold reality is that for the overwhelming majority of consumers, an alternative wireline competitor is not going to show up in their neighborhood anytime soon to provide price competition to the incumbent cable company.

The effect of lifting consumer price controls 13 months from now in the absence of robust competition would be to permit cable monopolies to charge what they want for everything but the broadcast-tier basic service without an effective marketplace check on their ability to raise rates excessively. This means that for the vast majority of cable consumers, the expanded tier of service that typically includes CNN, ESPN, TNT, DISCOVERY, MTV, and other popular cable programming services will be offered without any price limits in place.

Without a legislative change to extend consumer price protections for cable consumers past March 31, 1999, consumers will be hit with a cable rate El Nino. Congress must act in time to adjust the law to take note of the fact that cable competition has not developed sufficiently to warrant lifting consumer price controls. The recent cable competition report from the FCC in January underscores this fact. The new Chairman of the FCC, William Kennard, noted when releasing the report that policymakers "should no longer have high hopes that a vigorous and widespread competitive environment will magically emerge in the next several months."

Our legislation would simply repeal this sunset date from our communications statutes. Cable operators would then be deregulated through two underlying provisions that are already available under the law.

The first test for deregulating an incumbent cable operator in a franchise area that is contained in the Communications Act of 1934 would be met if emerging competitors served more than 15 percent of the households in a particular franchise area (see Section 623(l)(1)(B)). Second, if a local phone company offers a competing cable service directly to subscribers in a franchise area then the incumbent operator is

immediately deregulated, without waiting for the phone company to garner 15 percent of the market (see Section 623(l)(1)(D)).

As I said during deliberations on the Act in 1995, when Mr. Shays and I offered a cable consumer protection amendment, and which I continue to believe today, sound public policy should compel us to repeal consumer price protections only when effective competition provides an affordable alternative choice for consumers, making regulatory protections unnecessary.

Until that time, the question boils down to this - do you want your monopolies regulated or unregulated?

In my view, such protections should not be lifted on an arbitrary deadline set on the basis of politics instead of economics. I urge my colleagues to support this effort on behalf of millions of cable consumers across the country. Thank you.